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**STATE OF CALIFORNIA
CONSUMER POWER AND CONSERVATION
FINANCING AUTHORITY**

**March 15, 2002
Coastal Hearing Room
1001 "I" Street
Sacramento, California**

ATTENDANCE

The following Board members present:

Mr. S. David Freeman, Chairman
Ms. Sunne McPeak, Vice Chair
Ms. Barbara Lloyd (representing Mr. Philip
Angelides, State Treasurer)
Mr. John Stevens, Director
Mr. Donald Vial, Director

Chief Executive Officer:

Ms. Laura Doll

Absent:

None.

Administrative staff present:

Mr. B.B. Blevins, Deputy Director
Ms. Jeanne Clinton, Deputy Director
Ms. Linda Chou, Assistant Deputy Director
Mr. John Flory, Advisor
Mr. Kellan Fluckiger, Advisor
Ms. Sharon Hawkins, Deputy Director
Ms. Tracy Saville, Assistant Deputy Director
Mr. Emilio E. Varanini, III, General Counsel

Other Participants:

Ms. Virginia Rutledge, Public Financial
Management

Public Participation:

Mr. Bill Dombrowski, California
Retailers Association
Mr. John W. Burton, Integral
Design

Chairman Freeman called to order the meeting of the Consumer Power and Conservation Financing Authority (Authority) at 10:00 a.m. and established a quorum. Sunne McPeak lead the meeting in the Pledge of Allegiance.

GENERAL SESSION

The following agenda items discussed in general session:

AGENDA: Item 1

Management Report

Ms. Doll presented the Management Report.

A) Industrial Development Bonds Program

The program is accepting applications for funding up to \$30 million in industrial development bonds on behalf of qualified private manufacturers to support the manufacture and the installation of renewable energy technologies and systems. The program is also available to anyone interested in purchasing items listed in the procurement initiative at competitive prices. Information about the program is available on the Authority's website.

B) Budget Update

The Budget Committee will hear budget proposals submitted by the Authority later this month.

C) San Francisco Peaker Project

Staff continue to work with the developer, Department of Water Resources (DWR), and the California Energy Commission (CEC) regarding possible participation, support, and financing options for the peaker project.

D) Public Agency Loan Pool Project

This program will provide funding for developers and/or businesses to acquire title to facilities and/or install renewable energy technologies and systems and other Authority sponsored projects. A staff report regarding this project will be ready later this March.

E) Real Time Metering Request for Proposals (RFP)

Four out of eleven RFPs received have been accepted. These four proposals together target 100 to 200 megawatts of peak load reduction in the first year and potentially, over five years, up to 1,000 megawatts or more of demand reduction. Staff anticipates contracts will be ready for Board's approval in April or May and then go to the bond market.

From a bond perspective, three of the four proposals will need the commitment from utilities to show there is sufficient financial revenue stream and credit support to float the bonds and work out operational and legal issues regarding meter ownership. The California Public Utilities Commission (CPUC) supports time-of-use rates and is considering real time pricing issues and how to provide for a tariff.

All of the proposals have the capacity to go from time-of-use to real time tariffs. Staff continues to move forward with the proposals that put technological and communication infrastructure in place to immediately deploy existing time-of-use tariffs with the ability to apply real time tariffs. Additionally, as it becomes broadly available to the public, this

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program will support real time communication or paging of the technology used for homes and businesses.

There was general discussion regarding the marketing of meters and who pays for the freight. The Authority intends to offer financing to expand the number of meters made available to smaller customers.

The Board commended the staff for their excellent work on the report.

F) Dispatchable Peak Demand Reduction Program

With the help of the CEC, DWR, CPUC, and the Independent Systems Operator (ISO), staff are developing a plan that could produce 500 to 1000 megawatts of verifiable demand reduction as early as this summer or fall.

John Flory presented an overview of the program to the Board. It is anticipated that a proposal for final approval from the Board will be ready in April and could be up and running by late July or early August.

The Board commended the staff for their excellent work on this program.

AGENDA: Item 2

Action Items

A) Approval of Minutes

Motion: Mr. Vial moved to approve the minutes of the January 23, 2002 and February 14, 2002 meetings. Ms. Lloyd seconded the motion.

Voice Vote: 5 Aye, 0 Nays, 0 Absent. Motion passed.

B) Approval of staff recommendations to retain the Authority's bond counsel

Motion: Ms. Lloyd moved to approve staff recommendations to retain the law firms Sidley Austin Brown & Wood LLP and Nixon Peabody LLP. Ms. McPeak seconded the motion.

Voice Vote: 5 Aye, 0 Nays, 0 Absent. Motion passed.

The March 29, 2002 meeting is cancelled. The April 26, 2002 meeting will be in San Francisco. There are no other changes to the schedule at this time. However, the preferred meeting date will be the date scheduled during the last week of the month if a meeting is cancelled.

Chairman Freeman asked that for the next board meeting, staff present recommendations to policy regarding other agencies, including CEC, CPUC and the Air Resources Board (ARB), collective strategic proceedings on conservation issues and distributed generation opportunities for technology, key areas in the Authority's energy plan

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PUBLIC COMMENT

Presentations and/or speeches from members of the public (see list of participants under Public Participation).

CLOSED SESSION

The board did not adjourn to a closed session.

CLOSING

***Motion:** Ms. Lloyd moved to adjourn the meeting. Ms. McPeak seconded the motion.*

***Voice Vote:** 5 Aye, 0 Nays, 0 Absent. Motion passed.* The meeting adjourned at 11:13 a.m.